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KAFY "Lo Maximo"

SPANISH RADIO 970AM

BARRO BROADCASTING CORPORATION
230 Truxtun Avenue
Bakersfield, California 93301
(805) 324-4411
FAX (805) 327-9459

94060160

June 1, 1994

The Honorable Reed Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Hundt:

I am writing to you in several capacities...as an Hispanic broadcaster; as a Vice President of the American Hispanic Owned Radio Association (AHORA); as a member of the Board of Directors of the California Broadcasters Association as well as a member of the National Emergency Broadcast System Advisory Committee (EBSAC).

The attached copy of an article which appeared in the May 30, 1994 issue of Broadcasting & Cable magazine causes great alarm, in that it threatens broadcasters throughout the United States, minorities and non-minorities alike. Significant deterioration of the FCC limits on foreign ownership could ultimately threaten our National Emergency Preparedness network and/or our national security.

The issue of foreign ownership/control of U.S. communications entities, whatever the risk to the profits/investments of one individual or corporation, should not be placed above the interests of a total industry and our country. As a matter of reference I have also enclosed for your review, a copy of AHORA's 1992 response (exclusive of attachments) to the Federal Communications Commission's request for comments regarding Mexico's proposal which was presented during the NAFTA telecommunications negotiations. AHORA's comments addressed several basic concerns which apply equally in today's broadcasting and telecommunications universe.

For the above stated reasons, as well as to protect the future of ownership opportunities in broadcasting for women and minorities who are United States Citizens; especially in light of the Commission's 1993 Duopoly Rule changes; I strongly urge you to reject any proposal which would threaten and/or in any way exceed the Commission's current 20%/25% foreign ownership limits. This includes any such proposal submitted by Fox Television Stations, the News Corporation or Twentieth Holdings Corporation or any combination thereof.

Thank you for your consideration.

Sincerely,

Mary Helen Barro

Mary Helen Barro
President

MHB:a
Enclosures

will wait for CBS to strike, and the dominoes no doubt will fall far beyond the 12 New World markets.

Competition for VHF facilities is nothing new. But the possible arrival of Fox as a legitimate bidder for affiliates would have a major impact. According to a computer analysis conducted by BIA Publications for BROADCASTING & CABLE, half of the top 50 markets and almost half the next 50 have only three VHFs.

This sense of a more competitive network business may explain why CBS's stock dropped last week far more than the estimated reduction in earnings would suggest. The increased cost of doing business could apply not only to network compensation, but also to talent, promotion and other costs.

Last week's announcement may have affected only stations covering one-seventh of the country, but many in the industry think that, like any surgical strike, the impact will be much broader. ■

Fox Stations owned by foreign firm, but...

It tells FCC that News Corp. is Australian, but says it's controlled by U.S. citizen Murdoch

By Christopher Stern

Fox Television Stations told the FCC last week that it is 99% owned by a foreign company—Rupert Murdoch's News Corp. It is the first time FTS has publicly acknowledged that it is almost completely owned by the Australian company.

The level of foreign ownership clearly puts FTS above the FCC's 25% limit. But Fox argues that the limit should not apply in its case because News Corp. is controlled by Murdoch, who has been a U.S. citizen since assuming control of Fox in 1986.

Should the FCC find against Fox, it could force News Corp. to divest of its interest in the stations. But most think it unlikely the agency will take such a drastic step.

The National Association for the Advancement of Colored People raised the foreign ownership issue in trying to block Fox's purchase of WGBS(TV) Philadelphia. Although Fox pulled out of the deal, it asked the FCC to rule on its foreign ownership to settle the matter once and for all.

"News Corp.'s investment in [Twentieth Holdings Corp.] and FTS has permitted the commission to realize its 40-year dream of a fourth commercial broadcast television network," Fox also argues. Fox Television Stations is a wholly owned subsidiary of Twentieth Holdings Corp.

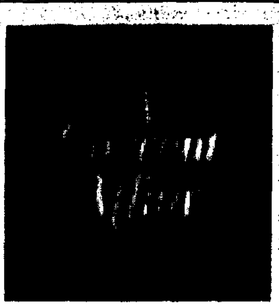
Fox claims that the FCC has acknowledged the public interest benefits of its presence in several decisions, including its renewal of Fox's license for KTTV(TV) Los Angeles and its grant to the Fox network of a waiver of the financial interest and syndication rules.

Fox says its new network has bolstered the UHF television industry, stimulated competition among program suppliers and paved the way for the fifth and sixth broadcast networks.

An attorney for the NAACP dismissed Fox's public interest arguments. "That doesn't translate into the areas of influence that the FCC has traditionally looked at, which [are] ownership and employment," says David Honig.

If Fox's foreign ownership does not disqualify it as a broadcast licensee, he says, "you can kiss the minority ownership program goodbye." The NAACP generally opposes foreign ownership of U.S. broadcast facilities because of the increased competition it creates for minorities. ■

Fox moves 'Affair' to WBBM-TV Chicago



Twentieth Television's syndicated *A Current Affair* will leave Fox O&O WFLD(TV) Chicago in mid-June to join CBS O&O WBBM-TV. The move underscores Twentieth owner Fox's new policy of maximizing the show's ratings and revenue potential in each market, regardless of station ownership, Twentieth officials say.

The move also represents a reversal by Fox Chairman Rupert Murdoch, who earlier scuttled discussions to move the show to WBBM-TV, a rep source says. It is the second such switch. Fox recently announced the show will move off KRIV(TV) Houston O&O and onto NBC affiliate KPRC-TV in the fall to make room for Twentieth TV's syndicated *The Simpsons* at the O&O.

The show is a better fit for WBBM-TV's news-intensive environment than for WFLD, whose sitcom-dominated access block has led the expensive news magazine to be aired at 11 p.m., says Greg Meidel, president of Twentieth Domestic Television. That logic will only sharpen during the next two years, as WFLD adds *The Simpsons* in the fall and *Home Improvement* and *Seinfeld* in 1995 and WBBM-TV adds a 4 p.m. newscast to its already strong news lineup, he says. WBBM-TV will air *Affair* between 3 p.m. and 5:30 p.m., and in a late-night rebroadcast.

"It is our strategic plan to position *A Current Affair* as a lead-in or lead-out of news blocks in early fringe or access," Meidel says.

The combination of an upgrade to early fringe and a second run in late fringe should result in more than double the current viewership, says Gerry Farrell, vice president, marketing and research, Twentieth Television. The only downside is that the Fox O&O will compete against *Affair* in the two time slots and lose a show that is essentially free, since it is produced by the station group.

In markets where the show does not perform well, the switch makes sense, according to one station rep. "It's a very smart business decision," the rep says, noting the show's 3 rating during the past two sweeps at WFLD.—DT

AHORA
AMERICAN HISPANIC OWNED RADIO ASSOCIATION

March 1, 1992

Ms. Patricia Paoletta
Special Assistant
Office of International Communications
Federal Communications Commission
1919 M Street, N.W., Suite 658
Washington, D.C. 20554

VIA FAX (202) 632-0929

Dear Tricia:

The American Hispanic Owned Radio Association (AHORA) is pleased to respond to your request for comments regarding Mexico's proposal which was presented during the Dallas Round of NAFTA telecommunications negotiations on February 19-21, 1992.

AHORA urges the Commission to provide increased protections for Spanish language broadcasters in the United States, regarding any agreements with our good neighbors to the south, especially since Spanish language broadcasters in the United States are seriously impacted by any change in Mexican communications which are transmitted north of the border.

Therefore, AHORA again requests a review by the Commission of any and all agreements/treaties with Mexico and other Spanish language countries, to evaluate any specific and indirect impact on Spanish language broadcasting throughout the United States.

During the above-noted NAFTA telecommunications negotiations, you informed us that Mexico proposed the following:

- In 1995 (three years from the effective date of NAFTA), Mexico will allow foreign investment in cable television up to 20% of the voting stock. You also stated that Mexico made unclear references to possibly permitting up to 49% foreign investment in cable television soon after that point.

- In 1997, Mexico will allow foreign investment up to 20% of the voting stock in broadcasting stations.

In exchange for this liberalization, Mexico has requested that:

- The U.S. immediately allow up to 49% Mexican investment in broadcasting station licensees; and

- The U.S. and Canada allow the use of Mexican Satellites "or other means" to export or "reimport" programming-produced in Mexico for cable television systems and broadcasting stations (presumably located in the U.S. or Canada).

NATIONAL OFFICES: 1255 TWENTY-THIRD STREET, N.W., SUITE 800, WASHINGTON D.C. 20037-1125
PRESIDENT'S OFFICES: 230 TRUXTUN AVENUE, BAKERSFIELD, CALIFORNIA 93301, TELEPHONE (805) 324-4411, FAX (805) 327-9459

Ms. Patricia Paoletta
Office of International Communications/FCC

While it is AHORA's position that a mutually beneficial agreement between the United States, Canada and Mexico is most desirable, AHORA is most concerned with the imbalance of Mexico's proposal, particularly since Mexico currently prohibits any foreign investment in broadcasting and cable, while the U.S. currently allows up to 20% foreign investment in a licensee, plus another 5% foreign investment in the parent corporation.

AHORA wishes to bring the following points to the attention of the Committee, and in turn, the Telecommunication Services Trade Policy Office of the United States Trade Representative.

- The FCC is currently urging Mexico to adequately enforce existing regulations under previous treaties, with virtually little success. AHORA has also brought the matter to the attention of the Mexican NAFTA Delegation Chief. A commitment was made by Mexican officials to correct the matter, but according to the Commission, the violations persist.

- According to the attached correspondence, radio station XEK-AM in Baja California, Mexico is currently interfering with radio station signals as far north as Los Angeles (KKHJ) and Lompoc (KNEZ), California (see attached correspondence).

- AHORA strongly recommends that, prior to any liberalization of existing regulations or treaties, Mexico be requested to implement equivalent monitoring and enforcement regulations to those currently in the United States. Otherwise, conflicts such as the ones between XEK-AM and KKHJ/KNEZ will overwhelm the Commission's resources to cope with the uneven "playing field" from which owners will base their management/operations decisions.

- Any foreign investment in United States broadcast and cable properties should be carefully protected beyond the 20% level, including parent companies. Furthermore, it is recommended that no foreign investment should be allowed in U.S. broadcast and cable properties without a strict, equal and immediate reciprocation by the foreign country in question, regardless of the language to be broadcast.

- Mexico's request that the U.S. and Canada allow the use of Mexican satellites "or other means" to export or "reimport" programming produced in Mexico for cable television systems and broadcasting stations (as you note, presumably located in the U.S. or Canada), causes AHORA great concern. The intent of this particular request appears to be an attempt to legalize current practices of Mexican radio stations such as XEK-AM, which are violations of existing FCC regulations. Before any change can be made to this regulation(s), AHORA strongly recommends that intensive review and studies be conducted, in order to provide protections against maverick producers/broadcasters who might disregard and circumvent United States FCC Regulations, or other applicable commerce/trade legal requirements.

o Prior to the implementation of any access/investment provisions of the NAFTA telecommunications negotiations, the Federal Communications Commission should review current regulations governing cable and low power television stations. LPTV particularly merits immediate attention, in that these stations are largely unregulated, and are not currently required to provide a meaningful level of local news and public service programming to their community of license. This fact, coupled with the possibility of allowing additional foreign investment by absentee licensees, would be a great disservice to the local population. This particular situation places the commercial broadcasters (full-power television and radio), and cable operators as well, at a distinct financial disadvantage to LPTV operations, whos absentee owners would primarily seek out national and international advertising budgets, without having the overhead expenses connected with serving their community of license.

Again, AHORA wholeheartedly supports the concept of developing a mutually beneficial International Communications Agreement with Mexico, or any other friendly nation, provided that adequate protections are implemented prior to any such new agreements or revisions of existing treaties, which will ensure stringent protections of the airwaves throughout the United States.

To that end, AHORA requests that it be allowed to actively participate in any and all phases of negotiations of the U.S./Mexico Free Trade Agreement as they relate to broadcasting and telecommunications issues.

In closing, the members of the American Hispanic Owned Radio Association express our appreciation to the Commission for consideration of our comments as noted above. AHORA members will also be pleased to serve as a continuing resource for the Commission, as well as other government agencies, as appropriate, in its efforts to negotiate an optimum North American Free Trade Agreement during this era of intense technological and global expansion.

Sincerely,

Mary Helen Barro

Mary Helen Barro
President
American Hispanic Owned Radio Association

MHB:a

Attachments